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BEFORE THE ARIZONA CORPORATION COMMISSION
DOCKETED

CARL J. KUNASEK

Chairman

JIM IRVIN

Commissioner

TONY WEST

Commissioner

JUN 04 1999

DOCKETED BY

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IN THE MATTER OF TUCSON ELECTRIC
POWER COMPANY - APPLICATION FOR
APPROVAL OF AN ELECTRIC SERVICE
AGREEMENT WITH BOB'S AUTO SPA
INCORPORATED.

DOCKET NO. E-01933A-99-0248

DECISION NO. 61743ORDER

Open Meeting
June 1 and 2, 1999
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Tucson Electric Power Company (TEP) is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On May 11, 1999, TEP filed an application for approval of an electric service agreement with Bob's Auto Spa Incorporated (Bob's). The proposed agreement provides for Bob's to receive partial requirements (backup, maintenance, supplemental) electric service at its car wash and convenience store facility in Tucson.

3. Bob's currently receives all of its electric service under TEP's General Service Rate No. 10. Bob's intends to install self-generation equipment at the site and buy partial requirements from TEP under the proposed agreement. TEP currently does not have a rate schedule that would be applicable to a customer that self-generates and is not a Qualifying Facility (QF) certified by the Federal Energy Regulatory Commission. A QF is typically "cogeneration" which either uses a waste product from the business operation in the electric generation process or uses a byproduct from the generation process in the business operation. The self-generation equipment that Bob's intends to install would not be cogeneration. In addition, Rate No. 10 is not applicable to "breakdown, standby, or auxiliary" service.

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1 4. Rate No. 10 consists of a customer charge of \$13.50 per month, an energy charge of
2 \$0.116003 per kWh for the first 3,400 kWh or less per month, an energy charge of \$0.102381 per kWh
3 for all additional kWh in the summer, and an energy charge of \$0.095676 per kWh for all additional
4 kWh in the winter.

5 5. Under the proposed agreement, Bob's would pay the following rates: a customer charge
6 of \$92.50 per month, a demand charge of \$2.78 per kW, an energy charge of \$0.07889 per kWh for
7 the first 3,400 kWh or less per month, an energy charge of \$0.06963 per kWh for all additional kWh
8 in the summer, and an energy charge of \$0.06507 per kWh for all additional kWh in the winter. The
9 minimum bill would consist of the charge for billing demand plus the difference between the
10 customer charge in the agreement and the customer charge on Rate No. 10. The billing demand
11 would be the greater of actual demand, the highest actual demand in the preceding 23 months, or 100
12 kW. In the event that charges are functionally unbundled, the minimum bill would be attributable to
13 the distribution-related function.

14 6. Bob's intends to install a 100 kW generator on a five-year lease. This is a new type of
15 small generator that is relatively energy-efficient for a small unit. Southwest Gas would be supplying
16 the natural gas for the generator on its G-80 Natural Gas Engine Service rate schedule.

17 7. The agreement would be effective as of the first billing period after Commission
18 approval and continue for five years. Bob's could terminate the agreement for any reason with 60-
19 days' notice and payment of a termination charge consisting of the minimum bill for the months
20 remaining in the term of the agreement. However, Bob's could either revert to Rate No. 10 or buy
21 generation in the competitive market without penalty.

22 8. Using historical consumption data from the last 12 months and making assumptions
23 about maintenance, Bob's would pay about \$206,000 over the next five years by self-generating most
24 of its requirements and buying partial requirements electricity from TEP, compared to \$252,000 under
25 Rate No. 10. The revenue of \$0.411 per kWh to be received from Bob's under the proposed
26 agreement would more than cover TEP's marginal generation costs.

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1 9. Staff has recommended approval of the electric service agreement with Bob's at the
2 location specified in the agreement.

3 10. In addition, Staff has recommended that the Commission specify in its Order that
4 approval of the agreement at this time does not guarantee any future ratemaking treatment of the
5 agreement with Bob's.

6 CONCLUSIONS OF LAW

7 1. TEP is an Arizona public service corporation within the meaning of Article XV,
8 Section 2, of the Arizona Constitution.

9 2. The Commission has jurisdiction over TEP and over the subject matter of the
10 application.

11 3. The Commission, having reviewed the application and Staff's Memorandum dated May
12 19, 1999, concludes that it is in the public interest to approve the agreement.

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ORDER

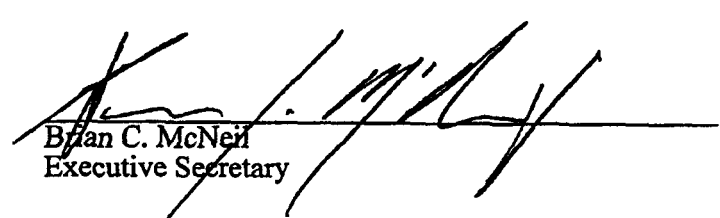
THEREFORE, IT IS ORDERED that the proposed electric service agreement with Bob's be and hereby is approved.

IT IS FURTHER ORDERED that approval of the agreement at this time does not guarantee any future ratemaking treatment of the agreement with Bob's.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION
CHAIRMAN
COMMISSIONER
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this 4th day of June, 1999.


Brian C. McNeil
Executive Secretary

DISSENT: _____

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